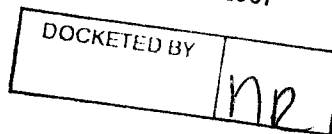




BEFORE THE ARIZONA CORPORATION COMMISSION

MIKE GLEASON
Chairman
WILLIAM A. MUNDELL
Commissioner
JEFF HATCH-MILLER
Commissioner
KRISTIN K. MAYES
Commissioner
GARY PIERCE
Commissioner

Arizona Corporation Commission
DOCKETED
MAY 21 2007



IN THE MATTER OF THE APPLICATION
OF ARIZONA PUBLIC SERVICE
COMPANY FOR APPROVAL OF AN
ACCESS IMPROVEMENT PROGRAM.

DOCKET NO. E-01345A-05-0883
DECISION NO. 69570
ORDER

Open Meeting
May 8 and 9, 2007
Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

1. Arizona Public Service ("APS") is certificated to provide electric service as a public service corporation in the State of Arizona.

2. On December 8, 2005, APS filed for approval of its Access Improvement Program ("AIP") pursuant to Commission Decision No. 68112. APS' AIP is intended to identify specific remedies that will reduce the number of bill estimations required due to recurring access issues at customer premises.

Commission Decision No. 68112

3. On September 9, 2005, Commission Decision No. 68112 ordered APS to file a cost-effective AIP to address specific remedies that can be utilized to reduce the number of kilowatt-hour ("kWh") and kilowatt ("kW") bill estimations where access to the customer's meter is a recurring problem. Specific remedies include but are not limited to moving meters, installing

1 remote ports or similar devices, installing advanced metering systems, or installing enhanced radio
2 technologies.

3 4. Commission Decision No. 68112 also ordered that APS shall expend \$600,000 on
4 its AIP and that these expenditures shall be separate from any ongoing or anticipated expenditures.
5 The expenditures made pursuant to the program must have a direct and measurable effect on APS
6 ability to obtain access to premises where access is a recurring problem.

7 5. In addition, Commission Decision No. 68112 ordered that APS credit all
8 customers' bills that between September 1, 1998, and October 1, 2003, had an actual demand
9 reading that was lower than the immediately preceding demand estimate. Any credits of \$5.00 or
10 less, or credits greater than \$5.00 for customers who could not be located, will be added to the
11 budget for the AIP.

12 6. Commission Decision No. 68112 also ordered APS to implement its AIP over a six-
13 month period subsequent to Commission approval. No later than fifteen months after the
14 conclusion of the program's implementation, APS will file a report with the Commission that
15 addresses the impact of the program and verifies the program expenditures. APS' report will
16 contain, among other things, a comparison of the number of estimated bills per thousand bills
17 issued during the twelve months following the program's implementation to the number of
18 estimated bills per thousand bills issued during 2004.

19 7. In addition, Commission Decision No. 68112 prevented the costs incurred by APS
20 associated with its Commission-approved AIP to be recovered from ratepayers.

21 Organizational Improvements

22 8. As part of its efforts to reduce the number of no-access issues, APS has indicated
23 that it has implemented organizational measures to help foster consistency and better oversight of
24 handling no-access issues. APS has reorganized the employees responsible for no-access issues
25 into a single department and established a "No-Access Team" responsible for resolving no-access
26 issues. In addition, APS has added enhancements to the report that includes details about each
27 instance where the meter reader could not obtain a read, and APS has loaded that report into a
28 database for electronic distribution. APS has also automated many processes, such as sending

customer letters, identifying the number of consecutive estimates, and prioritizing accounts requiring kW resets. The system APS has implemented should also provide better monitoring of the actions taken to resolve each no-access issue.

APS' Proposed Access Improvement Program

9. Under Commission Decision No. 68112, specific remedies include but are not limited to moving meters, installing remote ports or similar devices, installing advanced metering systems, or installing enhanced radio technologies. APS has indicated that it has in excess of 5,000 customer-controlled access issues per month. As part of its AIP, APS has proposed the implementation of additional fields and codes to be used by the meter reader in the handheld unit to help prevent and resolve no-access issues, the use of meter change outs and the installation of EZ Reads, the use of Advanced Metering Systems ("AMS") also known as Advanced Metering Infrastructure, and customer credits for the repositioning of gate latches/locks. APS has recommended implementing the following elements of its proposed AIP.

Identification of Future Access Issues Proposal

10. APS is proposing to develop a series of new comment codes that meter readers would enter into their handheld unit that would signal potential future no-access issues. For instance, a meter reader would enter a code indicating that new puppies have been seen in a customer's yard which could lead to a potential no-access issue. APS would run reports that identify the locations where future no-access issues could occur, and APS would work with the customer to resolve the potential no-access issue before it would develop into a situation where the meter reader would be prevented from gaining access to the meter. As part of the Future Access Issue proposal, APS would expend AIP dollars associated with labor and implementation costs such as training.

Installation of Advanced Metering Systems Proposal

11. APS is currently deploying AMS within its service territory in high density areas where customer churn is an issue. This type of metering system would allow APS to read meters remotely for energy only, demand, and time-of-use ("TOU") rate schedules. APS' AMS requires both a client meter and a hub meter. The client meter sends data to the hub meter through a radio

1 frequency signal, and the hub meter sends the hourly meter reading data to APS via a telephone
2 line or cellular connection. APS is currently not utilizing AMS as a general solution for resolving
3 individual no-access issues outside of its existing AMS pilot program.

4 12. As part of its AIP, APS is proposing to install AMS client meters on individual
5 homes where recurring no-access issues have been a problem. Because the system requires both a
6 client and a hub meter to function properly, a hub meter would have to be installed in a nearby
7 accessible location. As part of the AMS AIP proposal, APS would expend dollars associated with
8 meter cost, cellular costs, labor, and implementation costs such as training and the cost to modify
9 the Itron system.

10 EZ Read Proposal

11 13. APS currently utilizes EZ Read hardware as a means of resolving no-access issues.
12 The EZ Read is a piece of hardware that can be installed between the meter and the meter socket
13 which can orient the face of the meter 90 degrees to the left or to the right. This hardware
14 generally helps the meter reader position the meter so that it is readable from an available vantage
15 point.

16 14. The EZ Read is used almost exclusively for kWh only rates. APS currently has
17 customers on kWh only rates that have TOU meters installed. Therefore, the meter reader does not
18 initially consider EZ Reads for these customers because a TOU meter must be probed. However,
19 should a recurring access issue become a problem at one of these properties, a member of the No-
20 Access Team would initiate a process to send out a meter reader to change out the TOU meter to a
21 kWh only meter and install an EZ Read where applicable.

22 15. As part of its AIP, APS is proposing to create a survey in the handheld unit that
23 would prompt the meter reader to answer the question, "Would an EZ Read facilitate reading the
24 meter?" This prompt would be activated specifically for all locations where the meter is identified
25 as behind a fence and the customer is on a kWh only rate but has a TOU meter installed. A report
26 would be created identifying the customer locations where positive responses were entered into the
27 handheld, and the customer would be contacted to schedule a time when an EZ Read and a kWh
28 only meter could be installed if required. As part of the EZ Read Proposal, APS would expend

1 AIP dollars associated with the EZ read equipment cost, meter costs, labor, and implementation
2 costs such as training and the cost to modify the Itron system.

3 Customer Latch/Lock Proposal

4 16. APS currently encounters situations where the gate to a customer's premise is
5 locked. According to data provided by APS, the majority of customer-controlled no-access issues
6 are due to locked gates. When a meter reader encounters a locked gate, a "locked gate" code is
7 entered into the handheld unit. APS currently arranges either to obtain the customer's key for the
8 locked gate or to provide an APS lock to the customer at no charge.

9 17. As part of its AIP, APS is proposing that when a meter reader enters a "locked
10 gate" code into the handheld unit, the meter reader would also be required to enter whether the
11 "locked gate" is due to an accessible customer lock or due to an inaccessible inside latch. If the
12 no-access issue is due to an accessible customer lock, APS would either obtain a key from the
13 customer or provide the customer with an APS lock which is the current practice. Under the
14 proposed AIP, if the no-access issue is due to an inaccessible inside latch, APS would offer the
15 customer a one-time credit of \$25.00 towards having the latch repositioned outside of the gate.
16 APS has also indicated that a physical verification would occur prior to providing a credit to a
17 customer under this proposal.

18 18. APS indicated that it based the level of the credit on an informal telephone inquiry
19 at local retail home improvement stores. Gate latches generally range from between \$15.00 to
20 \$30.00 and labor to reposition or install a new latch runs about \$25.00 to \$50.00 per hour. As part
21 of the Latch/Lock proposal, APS would expend AIP dollars associated with the customer credit,
22 APS locks, labor, and implementation costs such as training and the cost to modify the Itron
23 system.

24 Proposed Budget

25 19. The proposed budget for the AIP is \$623,818. APS also has about \$61,900 in
26 additional funding as a result of the demand credits that were \$5.00 or less or for customers who
27 could not be located. The one-time costs would be incurred during the first six-month
28

1 implementation period, and the monthly costs would be incurred during the first fifteen months of
2 the program. The following table provides a summary of these estimated costs.

3 **APS Proposed Access Improvement Budget**

4 Option	Projected Monthly	One-Time	15-Month	Total
5	Volume of Access	Costs	Costs	Costs
6	Issues			
7 Identification of Future Access Issues	80	\$8,100	\$8,940	\$17,040
8 Installation of AMS Meters	125	\$1,200	\$431,366	\$432,566
9 EZ Read Proposal	40	\$39,100	\$45,272	\$84,372
10 Customer Lock/ Latch 11 Location	100	\$8,100	\$81,740	\$89,840
12 Total		\$56,500	\$567,318	\$623,818

13
14 Other APS Considerations

15 20. APS has indicated that it also considered the use of remote ports, the relocation of
16 electric meters, and the use of Encoder Receiver Transmitter ("ERT") meters as part of its
17 proposed AIP, but decided against these options for various reasons. APS has indicated that
18 remote ports are not a viable option because APS has not been able to find a supplier for the
19 remote port technology. APS has also indicated that the relocation of meters could cost as much as
20 \$2,000 per meter and therefore would not be a cost-effective way to resolve no-access issues. In
21 addition, APS considered the expanded use of ERT meters. APS currently utilizes ERT meters in
22 the field; however, they can only be used for customers on an energy only rate. Therefore, these
23 meters would not work for customers on demand or TOU rates. In addition, the handheld unit
24 would require an upgrade to be able to remotely capture the read. Instead of the adoption of
25 additional ERT meters, APS has recommended AMS meters because they can accommodate
26 energy only, demand, and TOU rates, and do not require a meter reader to make a site visit to
27 obtain a read.

28 ...

Staff Analysis

21. While Staff believes that APS' proposals are reasonable methods to reduce the number of no-access issues, Staff evaluated the programs in terms of adopting remedies that are not currently utilized by APS that are separate from anticipated or ongoing expenditures, and are easily measurable. Staff believes that two of APS' proposals are consistent with Commission Decision No. 68112 and should be approved as part of APS' AIP.

22. Staff recommends Commission approval of APS' proposed Installation of Advanced Metering Systems and Customer Latch/Lock proposals as part of APS' AIP. These proposals are unique proposals that go beyond practices currently utilized by APS to resolve no-access issues and may help APS resolve long-term access issues. Staff also believes that the results of these proposals will be easily measurable and should result in a reduction of the number of recurring no-access issues in APS' territory.

23. Staff is not recommending approval of APS' proposal to Identify Future Access issues as part of the AIP because the results of such a proposal would be difficult to measure and the program may not result in measurable reduction in no-access issues. For instance, just because the meter reader sees puppies in the yard does not mean that a no-access issue will develop in the future because of the puppies.

24. Staff is also not recommending approval of APS' proposal to install EZ Reads as part of the AIP because APS' proposal to install EZ Reads and kWh only meters at a customer's premises where access issues are a recurring problem is already being utilized by APS. Although the associated meter reader survey would be a new feature, Staff does not believe that it would provide significant benefit because a member of the no-access team would already be made aware of customer premises that have recurring problems and would naturally pursue options such as meter change outs and/or the installation of EZ Reads for customers on kWh only rates with TOU meters.

25. Staff recommends that APS be prevented from including the costs for customer locks under the Latch/Lock proposal because these technologies are already widely used in the field to prevent no-access issues.

26. Staff also recommends that customer participation in the Latch/Lock program be voluntary.

27. Staff further recommends that APS' program impact report required by Commission Decision No. 68112 be supplemented with a comparison of the number of estimated bills per thousand for 2005 and 2006. This will provide additional data that will allow Staff to assess the number of estimated bills prior to the implementation of the AIP.

28. Staff recommends that APS utilize its AIP in conjunction with other approaches currently being used by APS.

29. Staff also recommends that APS apply the AIP dollars budgeted for the Identification of Future Access issues proposal and EZ Read proposal to the AMI and Latch/Lock Proposal.

CONCLUSIONS OF LAW

1. APS is an Arizona public service corporation within the meaning of Article XV, Section 2, of the Arizona Constitution.

2. The Commission has jurisdiction over APS and over the subject matter of the application.

3. Approval of APS' proposed AIP as modified does not constitute a rate increase as contemplated by A.R.S. Section 40-250.

4. The Commission, having reviewed the application and Staff's Memorandum dated February 28, 2007, concludes that it is in the public interest to approve the tariff.

ORDER

IT IS THEREFORE ORDERED that Arizona Public Services' Access Improvement Program as modified herein be and hereby is approved.

...

• • •

...

...

• • •

1 IT IS FURTHER ORDERED that approval of the Access Improvement Program at this
2 time does not guarantee any future ratemaking treatment of Arizona Public Service Company.

3 IT IS FURTHER ORDERED that this Decision shall become effective immediately.

4
5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

6
7 
CHAIRMAN


COMMISSIONER

8
9
10 COMMISSIONER


COMMISSIONER


COMMISSIONER

11
12 IN WITNESS WHEREOF, I BRIAN C. McNEIL, Executive
13 Director of the Arizona Corporation Commission, have
14 hereunto, set my hand and caused the official seal of this
Commission to be affixed at the Capitol, in the City of
Phoenix, this 21st day of May, 2007.

15
16
17 
18 BRIAN C. McNEIL
Executive Director

19
20 DISSENT: _____

21
22 DISSENT: _____

23 EGJ:BK:tdp\JFW
24
25
26
27
28

1 SERVICE LIST FOR: Arizona Public Service Company
2 DOCKET NO. E-01345A-05-0883

3 Mr. David J. Rumolo
4 Manager, Regulation and Pricing
5 Mail Station 9708
6 P.O. Box 53933
7 Phoenix, AZ 85072-3999

8 Mr. Ernest G. Johnson
9 Director, Utilities Division
10 Arizona Corporation Commission
11 1200 West Washington
12 Phoenix, Arizona 85007

13 Mr. Christopher C. Kempley
14 Chief Counsel
15 Arizona Corporation Commission
16 1200 West Washington
17 Phoenix, Arizona 85007